



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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January 17, 2002

E.M. Gerrick
Vice President of Operations
Western States Minerals Corporation
250 South Rock Blvd. Suite 118
Reno, Nevada 89502

Re: Acceptance of Proposal to Complete Closure of Adits, Western States Mineral Company (WSMC), Drum Mine, M/027/007, Millard County, Utah

Dear Mr. Gerrick:

Thank you for your December 6, 2001 letter and proposal on the remaining closure work for open adits in the SWEX Pit at the Drum Mine. Your proposal included a bid for \$10,000 (lump sum) from Rancho Equipment of Delta, Utah to complete the closure of these adits. As you know, the Division pledged \$20,000 for the closure of the underground openings in the SWEX Pit. The Division hereby accepts WSMC's adit closure proposal and the subsequent reclamation of re-impacted areas, provided it can be done for the pledged amount.

When we spoke on January 15th, you agreed to provide us with some additional detailed information outlining the actual work plan, including information on the location of a small borrow area to be reopened on a reclaimed dump and the reclamation of the access road. We look forward to the receipt of the supplemental plan and the ultimate completion of this project. Please notify us when the work will be performed. Jerry Mansfield of the Fillmore BLM office gave his verbal concurrence to us on January 15th. Please copy him on your supplemental closure plan and reclamation schedule.

When the project is completed, please submit a detailed billing statement outlining all appropriate expenditures associated with the final closure work. If you have any questions, please contact me or Doug Jensen at (801) 538-5286, or (801)538-5382, respectively.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

jb

cc: Rex Rowley, Fillmore BLM Field Office
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